

SENATE BILL REPORT

SB 6477

As of February 19, 2008

Title: An act relating to providing state assistance to low-income homeowners.

Brief Description: Providing state property tax assistance to low-income homeowners.

Sponsors: Senators Hobbs, Pridemore, Roach, Rasmussen, Hatfield, Stevens, Berkey, Eide, Sheldon, Honeyford, Shin, Keiser, Hewitt, Kline, McAuliffe, Zarelli, Benton and Kilmer.

Brief History:

Committee Activity: Ways & Means: 2/07/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: The property tax is the oldest of taxes in Washington and is subject to a number of constitutional and statutory requirements. All real and personal property in Washington State is subject to property tax, unless a specific exemption is provided by law. The state Constitution (Constitution) requires all property taxes to be applied "uniformly;" this has been interpreted to mean that within any given taxing district, the district rate applied to each parcel of taxable property must be the same. The Constitution limits the sum of property tax rates to a maximum of 1 percent of "true and fair" value, or \$10 per \$1,000 of market value. Levies that are subject to the 1 percent rate limitation are known as "regular" levies, and there is no constitutional voting requirement for regular levies. The Constitution does provide a procedure for voter approval for tax rates that exceed the 1 percent limit. These taxes are called "excess" levies. The most common excess levies are maintenance and operation levies for school districts and bond retirement levies.

Summary of Bill: Persons with a combined disposable income of less than the state wide median income in 2007 (\$60,215) are eligible for property tax assistance in the form of a remittance.

The Department of Revenue (DOR) must remit to a qualifying person an amount equal to 10 percent of regular and excess property taxes paid in 2008. The person claiming the assistance must file a claim with DOR prior to September 1, 2008. The property taxes must have been imposed a residence that was occupied by the person claiming the assistance as a principle place of residence as of January 1, 2008.

The definition of combined disposable income is the same definition as the senior property tax exemption program and includes the disposable income of the person claiming the assistance,

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plus the disposable income of that person's spouse, and the disposable income of each cotenant occupying the residents

Appropriation: \$170 million, or as much may be necessary, is appropriated for FY 09.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is just a one time hit to the general fund. It addresses the public's biggest complaint of property taxes. This is not a reduction in taxes, but adjusts the payment in how much they owe.

Persons Testifying: PRO: Senator Hobbs, prime sponsor.